COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

> A SERVICE AGREEMENT BETWEEN NEWPORT)
> STEEL CORPORATION AND THE UNION) CASE NO. 90-068
> LIGHT, HEAT AND POWER COMPANY)

O R D E R

IT IS ORDERED that The Union Light, Heat and Power Company ("ULH&P") shall file an original and 12 copies of the following information with the Commission with a copy to all parties of record no later than 20 days after the date of this Order. If the information cannot be provided by this date, ULH&P should submit a motion for an extension of time stating the reason a delay is necessary and include a date by which it will be furnished. Such motion will be considered by the Commission. ULH&P shall furnish with each response the name of the witness who will be available at a public hearing, if required, for responding to questions concerning each item of information requested.

1. What is the difference between a curtailment of power as described in Sections 3.2(b) and 3.3(b) of the proposed Service Agreement and an interruption of power described in Section 3.3(c)?

2. According to Section 3.2(b), the maximum load upon which a curtailable load credit may be based is 33 MW. Why is no such limitation placed on the amount of load entitled to demand credits in Sections 3.3(b) and (c)?

3. According to Section 3.3(a), Firm Power demand is not subject to interruption. Is it subject to curtailment?

4. Is the Curtailable Power designated under Section 3.3(b) in excess of the Firm Power designated under Section 3.3(a)?

5. Pursuant to Section 3.2(b), is it possible that Newport Steel Corporation's ("NSC") load will be curtailed during an off-peak period? If so, how will the curtailable demand credit be applied?

6. Section 3.3(b) shows NERC to be the abbreviation of the National Electric Reliability Council. Should this instead be the North American Electric Reliability Council?

7. Under Section 3.2(b), curtailment will occur whenever combustion turbines are being scheduled or emergency power is being purchased to meet load conditions. However, under Section 3.3(b), curtailment will occur only during the NERC's designated on-peak hours and only when the last available combustion turbine has been ordered on-line.

a. Explain why differences exist between these two Curtailable Power provisions.

b. Specify the on-peak and off-peak periods designated by the NERC.

c. Why are the NERC's designated periods used here instead of the on-peak and off-peak periods designated under Rate TT – Time-of-Day Rate For Service at Transmission Voltage?

d. Does ULH&P intend to modify the on-peak and off-peak periods designated under Rate TT to conform with the NERC designated periods? If yes, when? If no, explain why not.

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8. Under Section 3.2(b), NSC's actual monthly on-peak demand is used to determine the maximum load upon which a demand credit will be based.

a. Is the on-peak period used here equivalent to that specified in Rate TT or one designated by the NERC?

b. If the on-peak period specified in Rate TT is used for this determination, why are the NERC's on-peak and off-peak periods then used to define periods of curtailment and interruption in Sections 3.3(b) and (c)?

9. What is NSC's projected demand increase when its continuous caster begins operation in June 1991?

10. When is NSC scheduled to have three furnaces in operation?

11. What is the likelihood that NSC will have the capability to interrupt all furnace load within 10 minutes of notification?

12. Rider LM - Load Management Rider (Second Revised Sheet No. 73) is specifically applicable to customers receiving service under Rate DS - Service at Distribution Voltage or Rate TS - Service at Transmission Voltage. However, under the proposed service agreement, NSC will receive service under Rate TT and Rider LM. Explain why Rider LM is applicable to NSC's load as indicated in Section 3.1 and how Rider LM will be used in determining NSC's billings.

13. Rate TT is a time-of-day rate with an additional seasonal on-peak demand rate differential.

a. What is NSC's projected summer and winter on-peak billing demands for each year of the contract term?

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b. What is NSC's projected summer and winter off-peak billing demands for each year of the contract term?

14. Pursuant to ULH&P's November 17, 1982 Service Agreement with NSC, NSC has been served under Rider IS - Interruptible Service Rider. Why does NSC now wish to be served under Rider LM?

15. In addition to Rider IS, under which rate schedule(s) has NSC been served since November 17, 1982?

16. For each year of the proposed Service Agreement, what are the projected revenues from NSC and what would the projected revenues be if NSC continues to be served under the terms of its November 17, 1982 Service Agreement?

17. Why does Article I preclude NSC from engaging in the cogeneration of electricity?

18. Attachment A of the Service Agreement demonstrates the calculation of a kilowatt-hour surcharge to be used to increase the energy charge over the term of the agreement. Explain how demand and customer charges will be increased over the term of the agreement.

19. Provide a detailed explanation of the reasons why the Service Agreement provides that NSC's future rates will be adjusted by specified percentages that appear to have no correlation to the rate adjustments that may be implemented as a result of Case No. 90-041[1] and any future case to recover

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[1] Case No. 90-041, An Adjustment of Gas and Electric Rates of The Union Light, Heat and Power Company.

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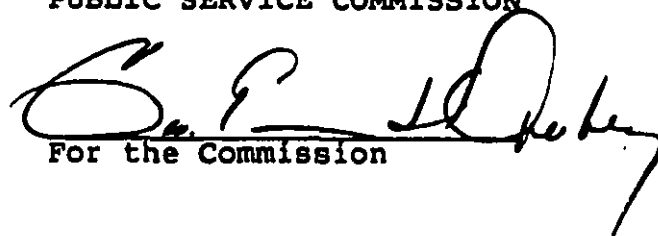increased wholesale power costs attributable to the W. H. Zimmer Generating Station.

20. Provide an annual load duration curve for NSC for each year since 1982.

21. Provide billing determinants for NSC for each month since November 1982.

22. Provide the date that NSC's load first became subject to an interruptible tariff and, for each month since that date, provide the number, length, and amount (in KWs) of each interruption.

Done at Frankfort, Kentucky, this 4th day of May, 1990.

PUBLIC SERVICE COMMISSION

For the Commission

ATTEST:

Executive Director